

United States Senate

WASHINGTON, DC 20510

March 18, 2003

AHPs: Why Shouldn't Small Businesses Have the Same Health Care Options as Big Businesses and Unions?

Dear Colleague:

On March 6 we introduced The Small Business Health Fairness Act of 2003, S. 545, to give small businesses access to the same type of health insurance plans enjoyed by large employers and unions.

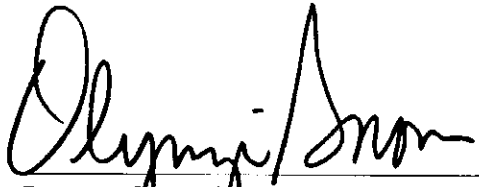
Over 41 million Americans are uninsured, and **almost 60% of these people are either employed by a small business or dependent on someone who is.** Workers in the smallest businesses that do provide health insurance pay, on average, **17% more** for health benefits than workers employed by large companies. Alarming, this crisis is only growing worse, as health insurance premiums for small businesses increase at double-digit rates while **benefits and health plan choices decrease.** A survey by the GAO found high levels of market concentration among large insurance companies in the state small group markets. The five largest insurance companies combined have **75% or more of the market** in 19 of 34 states supplying information, and more than **90% market share** in seven of these states.

The Small Business Health Fairness Act of 2003 will create new national-based Association Health Plans (AHPs) that can help remedy this growing small business problem. AHPs will **empower** small entrepreneurs with the **same tools that large employers and unions use** to make health coverage affordable for working families **with no cost to the Federal government:**

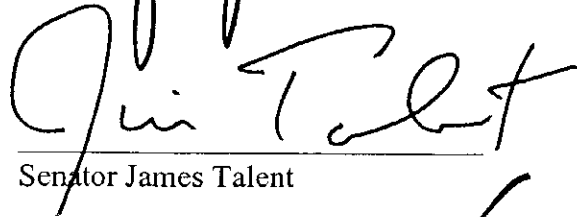
- AHPs can **reduce health insurance costs by 15% - 30%** by allowing small businesses to join together nationwide to obtain the same economies of scale, bargaining clout, and administrative efficiencies now available to employees in large employer and union health plans;
- New coverage options for the self-employed and small business workers will promote **greater competition and choice** in health insurance markets; and
- Tough **new solvency standards** will protect patients' rights and ensure benefits are paid.

President George W. Bush urged Congress to enact this legislation on March 19, 2002, when he said: **"It makes no sense in America to isolate small businesses as little health care islands unto themselves. We must have Association Health Plans!"** AHP legislation is supported by over 90 organizations representing over **12 million employers and 80 million American workers!**

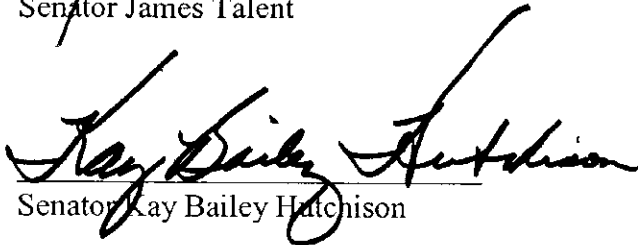
Please join us in co-sponsoring The Small Business Health Fairness Act of 2003. Contact Marc Freedman of the Small Business and Entrepreneurship Committee staff at 224-5175, or Faith Cristol of Senator Talent's staff at 224-6154.



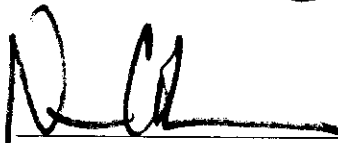
Senator Olympia J. Snowe



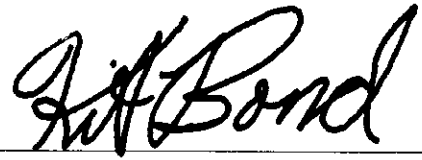
Senator James Talent



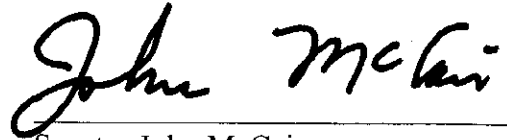
Senator Kay Bailey Hutchison



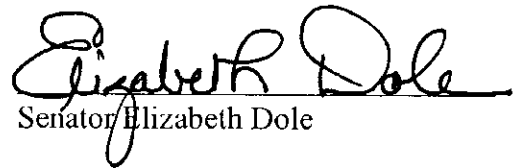
Senator Norm Coleman



Senator Christopher S. Bond



Senator John McCain



Senator Elizabeth Dole

Organizations Supporting Association Health Plans

The following organizations, representing over **12 million employers and 80 million workers**, **strongly support the Small Business Health Fairness Act of 2003**, bipartisan legislation to strengthen and expand Association Health Plans (AHPs). This legislation will provide workers employed in small businesses and the self-employed access to Fortune 500-style health benefits now enjoyed by workers in large employer and union health plans.

Air Conditioning Contractors of America	Hearth, Patio and Barbecue Association
American Association of Engineering Societies	Hispanic Business Roundtable
American Association of Small Property Owners	Institute of Electrical and Electronics Engineers
American Council of Engineering Companies	- United States of America
American Disc Jockey Association	Independent Electrical Contractors
American Farm Bureau Federation	Independent Office Products & Furniture
American Institute of Chemical Engineers	Dealers Association
American Hotel and Lodging Association	Independent Stationers, Inc.
American Lighting Association	International Music Products Association
American Nursery and Landscape Association	Iowa Automobile Dealers Association
American Rental Association	The Latino Coalition
American Road and Transportation Builders Association	Mason Contractors Association
American Small Businesses Association	Midwest Automotive Industry Association
American Society of Association Executives	Midwest Equipment Dealers Association
American Society of Civil Engineers	NAMM - International Music Products Association
American Society of Home Inspectors	National Association for the Self-Employed
American Society of Mechanical Engineers, Board on Member Interests & Development	National Association of Chemical Distributors
American Veterinary Medical Association	National Association of Home Builders
Associated Builders and Contractors	National Association of Manufacturers
Associated Prevailing Wage Contractors, Inc.	National Association of Plumbing-Heating-Cooling Contractors
Association for Manufacturing Technology	National Association of Wholesaler-Distributors
Association of California Water Agencies	National Association of Women Business Owners
Association of Independent Maryland Schools	National Automobile Dealers Association
Automotive Aftermarket Industry Association	National Black Chamber of Commerce
Automotive Aftermarket Association Southeast	National Club Association
Automotive Wholesalers Association of New England	National Concrete Masonry Association
Automotive Wholesalers Association of Texas	National Council of Agricultural Employers
California Motor Car Dealers Association	National Federation of Independent Business
California Society of CPAs	National Franchise Association
California/Nevada Automotive Wholesalers Association	National Funeral Directors Association
Central Service Association	National Lumber and Building Material Dealers Association
Chesapeake Automotive Business Association	National Newspaper Association
Cleveland Automobile Dealers Association	National Office Products Alliance
Christian Schools International	National Spa and Pool Institute
Coca Cola Bottlers Association	National Retail Federation
Communicating for Agriculture	National Restaurant Association
Consumer Specialty Products Association	National Roofing Contractors Association
Electronics Representatives Association	National Society of Accountants
Insurance Trust	National Society of Professional Engineers
Farm Equipment Manufacturers Association	National Sporting Goods Association
Financial Executives International	National Tooling & Machining Association
GrassRoots Impact	

Organizations Supporting Association Health Plans (continued)

Nebraska New Car and Truck Dealers Association	Society of Professional Benefit Administrators
New Mexico Automotive Parts and Service Association	Southeastern Farm Equipment Dealers Association
New York State Automotive Aftermarket Association	Southwest Association
North American Die Casting Association	The Adhesive and Sealant Council
North American Equipment Dealers Association	The Association Health Care Coalition
North American Retail Dealers Association	The Professional Golfers' Association of America
North Dakota Automobile and Implement Dealers Association	The Retailers Bakery Association
Office Furniture Dealers Alliance	Timber Operators Council Management Services
Ohio Valley Automotive Aftermarket Association	Tire Industry Association
Outdoor Industry Association	U.S. Chamber of Commerce
Pennsylvania Builders Association	U.S. Pan Asian America Chamber of Commerce
Piano Technicians Guild	Vermont Automobile Dealers Association
Printing Industries of America	Virginia Bankers Association
Printing Industries of Maryland	Washington Area New Automobile Dealers Association
Small Business Association	Western Growers' Association
Small Business Survival Committee	Women Impacting Public Policy
Self Insurance Institute of America	Wisconsin Automobile & Truck Dealers Association

BENEFITS OF ASSOCIATION HEALTH PLANS UNDER THE SMALL BUSINESS HEALTH FAIRNESS ACT OF 2003

- National AHPs will provide small businesses the opportunity to band together through bona fide trade and professional associations to purchase affordable health benefits. By joining together, small employers will enjoy greater bargaining power, economies of scale, and administrative efficiencies. In this way, AHPs will level the playing field and give participating small employers the same advantages as Fortune 500 companies and unions.
- AHPs will provide more choice in the health insurance market place. In addition to self-funded plans, which will be required to comply with stringent solvency and stop-loss requirements, the bill will allow AHPs to offer fully-insured plans under a uniform set of rules across state lines. As a result, AHP legislation will actually expand opportunities for insurance companies to serve small businesses.
- Uniform federal regulation of AHPs will provide small businesses with lower insurance administrative costs because they will avoid the costs of complying with 50 different sets of state benefit mandates. These plans will be regulated by the Department of Labor in the same way as 275,000 plans, which cover 72 million people, are currently regulated and overseen.
- The Small Business Health Fairness Act prohibits discrimination (also known as "cherry picking") by requiring that all employers who are association members be eligible for participation, all geographically available coverage options are made available upon request to eligible employers, and eligible individuals cannot be excluded from enrolling because of health status. Premium contribution rates for any particular small employer cannot be based on the health status or claims experience of plan participants or beneficiaries or on the type of business or industry in which the employer is engaged. These plans would be subject to all protections currently provided by the Health Insurance Portability and Accountability Act.